PRIORITY

UNCLASSIFIED
(Security Classification)

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FOREIGN SERVICE DESPATCH

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FROM : AMEMBASSY, GUATEMALA — 873 DESP. NO. — Action Taken April 3, 1953 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : F790001-1301

APR 4 1953

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	REC'D APR 6	INFO OTHER ARMY NAVY AIR CIA	Name of Officer

SUBJECT: Joint Weeka No. 14 for State, Army and Air Departments from S A, Section I

DECLASSIFICATION DATE 11/30/72 PER CHUMAN OFFICE ARA FADRC FOI CASE NO. 74-332

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SUMMARY

As the brief flurry caused by an abortive uprising in the Department of Baja Verapaz subsided, Guatemala prepared to celebrate Holy Week with the traditional religious observances and a vacation for virtually all Government and commercial employees. Though domestic politics were at a standstill, American interests nevertheless encountered difficulties when a tax court placed an attachment on the property of the International Railways of Central America (IRCA) to enforce payment of charity taxes the Government claims are due in the amount of $3,500,000 for the years 1945-1952 and vandals destroyed or damaged 694 acres of African Oil-Palms on a part of the United Fruit Company's Tiquisate plantation which had not been expropriated under the Agrarian Reform Law.

DOMESTIC AFFAIRS

The ease with which a small band of men could seize and hold for several hours a provincial capital and its airport was shown when at one a.m. on March 29 a band of 200 men armed with .22 rifles, shotguns and pistols took possession of Salamá, capital of Baja Verapaz, the nearby town of San Jerónimo and an airstrip located between the two and held them until 6 p.m. when they were recaptured by a Guatemalan Army detachment sent from the garrison town of Cobán. That the movement had anti-Communist overtones appeared from the circumstance that the insurgents called themselves "the Christian Army" and a local anti-Communist leader, Manuel RAMIREZ, was one of the seven dead resulting from the incident. Although three members of the pro-Administration political party PRG were also killed, the inhabitants generally seem to have taken no part at all in the day's happenings; they neither attempted to defend

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the established authorities nor did they oppose the recapture of the area by Government forces.

The field leaders of the rebels were three ex-Army officers, but no officer on active duty is reported to have been involved. The plans of the insurgents have not been disclosed, but it is thought they expected reenforcements to arrive by air, possibly from abroad, since they marked the airstrip with a peculiar design. Whether or not the authorities give credence to this theory, the Guatemalan Air Force has forbidden until further notice all private flying within Guatemala and the Armed Forces generally are maintaining an alert status. End Restricted

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Anti-Government elements in Guatemala City let it be known that the Salamá uprising was not connected with their movement and that they considered it premature and poorly organized. End Confidential

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AMERICAN INTERESTS

In another of a series of depredations by rural workers apparently with the idea of claiming under the Agrarian Reform Law land which was actually under cultivation and hence not subject to expropriation, unidentified individuals attacked the United Fruit Company's plantings of African Oil-Palm at Tiquisate last week, destroying 50 acres totally, damaging, possibly beyond recovery, 644 acres and leaving only 150 acres untouched. After injuring the plantings, many of the attackers staked out claims for plots on the land they had invaded, but it is possible that more than a mere desire for land was involved since there was presumably available for distribution among rural workers much of the 233,978 acres recently ordered expropriated from the company near Tiquisate. This suspicion is strengthened by the circumstance that the presence of the heavy palm stumps on the land would prove a great hindrance to its cultivation.

There have been many charges that attacks on private farm property have been instigated by Communists and other leftist extremists from Guatemala City although that specific accusation has not yet been made in the Tiquisate case. Local police were not available to protect the company's property at the time of the invasion, although the company has since made an official report of the affair and will seek to retain possession of the land.

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The union of agricultural workers at the United Fruit Company's Bananera Division, SETUFCO, on March 26 denounced its collective contract with the company, thus preparing the way for the negotiation of a new agreement when that contract expires in early May. Company officials are expecting the union to present a number of demands for wage increases and other benefits but state that operations in the Division have been so reduced in recent years by inroads of the Panama Disease that the company will not be disposed to grant any significant wage increases or other benefits.

Meanwhile the American-owned International Railways of Central America (IRCA) was confronted with a possible threat to its continued operation when on March 29 the Judge of the Tax Court ordered attached the company's property to secure payment of $3,500,000 which he charged the railway owed the Government for the "charity tax" on passenger and freight traffic between 1945 and 1952. The railroad is contesting this attachment on the grounds that the court lacks jurisdiction in the case. The success of the railroad's defense depends largely upon whether high Government officials wish to press the matter at this time.

The claim is based on a law enacted over 20 years ago by Congress requiring the railway to collect and turn over to the Treasury for distribution among charitable institutions a tax on the purchase of railway passenger tickets and the payment of freight charges. The railway has taken the position that it is exempt under its concession contracts from handling such a tax and has generally refused to collect it.
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